



DEPARTMENT OF COMMERCE

Bureau of Industry and Security

15 CFR Part 766

[Docket No. 230824-0204]

RIN 0694-AJ36

Revisions of Temporary Denial Order Provisions to Allow for Extended Renewals in Certain Circumstances

AGENCY: Bureau of Industry and Security, Department of Commerce.

ACTION: Final rule.

SUMMARY: In this final rule, the Bureau of Industry and Security (BIS) amends the Export Administration Regulations (EAR) to create an additional option for the renewal of temporary denial orders (TDOs) by allowing BIS, under certain circumstances, to request that the Assistant Secretary for Export Enforcement renew an existing TDO for a period of no more than one year, rather than the current renewal period of no more than 180 days. This final rule also makes some conforming changes to remove references to the “EAA,” the Export Administration Act (EAA), and add in their place references to “ECRA,” the Export Control Reform Act (ECRA), to reflect the EAR’s current statutory authority.

DATES: This rule is effective on August 29, 2023.

FOR FURTHER INFORMATION CONTACT: John Sonderman, Director, Office of Export Enforcement, Bureau of Industry and Security, Phone: (202) 482–5079, Email: EEinquiry@bis.doc.gov.

SUPPLEMENTARY INFORMATION:

Background

A. Amendment of Temporary Denial Order Provisions to Allow for Extended Renewals in Certain Circumstances

This final rule amends § 766.24 of the EAR (15 CFR parts 730 through 774) by adding an additional sentence after the first sentence of paragraph (d)(1). Specifically, this final rule creates an additional option for the renewal of temporary denial orders (TDOs) by allowing BIS, under certain circumstances, to request that the Assistant Secretary for Export Enforcement renew an existing TDO for a period of no more than one year, rather than the current renewal period of no more than 180 days.

This final rule does not change the current language set forth in the first sentence of paragraph (d)(1), which allows BIS to request the renewal of a TDO for a period of 180 days by demonstrating that such a renewal is necessary in the public interest to prevent an imminent violation of the EAR. Rather, this final rule allows BIS to request the renewal of a TDO for an extended period by demonstrating that a party that is subject to an existing TDO has engaged in a pattern of repeated, ongoing and/or continuous apparent violations of the EAR.

Under the current standard set forth in § 766.24(d)(1), a “violation may be ‘imminent’ either in time or degree of likelihood” (15 CFR 766.24(b)(3)), and BIS may show “either that a violation is about to occur, or that the general circumstances of the matter under investigation or case under criminal or administrative charges demonstrate a likelihood of future violations.” *Id.* As to the likelihood of future violations, BIS may show that the violation under investigation or charge “is significant, deliberate, covert and/or likely to occur again, rather than technical or negligent[.]” *Id.* A “lack of information establishing the precise time a violation may occur does not preclude a finding that a violation is imminent, so long as there is sufficient reason to believe the likelihood of a violation.” *Id.*

By contrast, this new standard requires BIS to show that since the issuance of a TDO, the respondent has engaged in a pattern of repeated, ongoing and/or continuous apparent violations of the EAR, including the terms of the TDO, and that renewal of the TDO for an extended period is appropriate to address such continued apparent violations. Such a showing should

demonstrate not just the likelihood of future imminent violations of the EAR but should include specific facts demonstrating past apparent violations of the EAR.

An extended renewal is appropriate, for instance, in cases where a respondent has acted in apparent blatant disregard of the EAR, where a respondent has attempted to circumvent or has otherwise appeared to violate the restrictions of a TDO or the EAR, or has otherwise acted in a manner demonstrating a pattern of apparent noncompliance with the requirements of the EAR.

This final rule also makes conforming changes to paragraphs (a), (b)(1) and (e)(5) of § 766.24 to remove references to the ‘EAA’ and add in their place references to ‘ECRA’ to reflect the EAR’s current statutory authority.

B. Importance of TDOs to address entities that have engaged in a pattern of repeated, ongoing, and/or continuous apparent violations of the Russia- or Iran-related restrictions

Since the imposition of sanctions on Russia in response to its further invasion of Ukraine in February 2022, and the imposition of similar sanctions on Belarus for its substantial enablement of Russia’s invasion, BIS has imposed a number of TDOs on entities that have engaged in a pattern of repeated, ongoing, and/or continuous apparent violations of these Russia-related restrictions, most notably on a number of Russian and Belarusian airlines. Beginning with the issuance of a TDO against PJSC Aeroflot (“Aeroflot”) on April 7, 2022 (87 FR 21611, Apr. 12, 2022), which was subsequently renewed on October 3, 2022 (87 FR 60985, Oct. 7, 2022) and on March 29, 2023 (88 FR 19609, Apr. 3, 2023), BIS has issued a number of TDOs targeting Russian and Belarusian airlines that have repeatedly and deliberately continued to operate international and/or domestic flights involving aircraft subject to the EAR in apparent violation of the EAR and the applicable TDOs.

Similarly, on March 17, 2008, BIS imposed a TDO (73 FR 15130) which has been repeatedly renewed, most recently on May 5, 2023 (88 FR 30078, May 10, 2023), against Mahan Airways in connection with its numerous ongoing apparent violations of the EAR. The most

recent renewal of this TDO stated that according to publicly available information, Aeroflot has begun sending its aircraft to Mahan Airways for repairs and/or maintenance. *Id.* at 30085.

Cases such as these, which involve an existing TDO combined with a pattern of repeated, ongoing, and/or continuous conduct that appears to violate a TDO or the EAR, leading to the need to repeatedly renew the applicable TDOs, are emblematic of the type of conduct which this extended renewal option is intended to address.

Such extended renewals will serve as an enhanced deterrent for such actors who are engaging in such apparent violative conduct and others who may be inclined to engage in behavior to facilitate such activities. Moreover, such extended renewals will provide enhanced notice to companies and individuals in the United States and abroad that they should avoid dealing with such actors of concern in connection with export, reexport, and transfer (in-country) transactions involving items subject to the EAR and in connection with any other activity subject to the EAR, *e.g.*, the provision of services in connection with an aircraft subject to the EAR that is operated by a denied person, or with respect to an aircraft that has been exported in violation of the EAR (*see* 15 CFR 736.2(b)(10)). BIS maintains a non-exhaustive list of aircraft that have potentially been exported to Russia or Belarus in violation of the EAR, including aircraft operated by certain denied persons, which can be found on the BIS website:

<https://www.bis.doc.gov/index.php/policy-guidance/country-guidance/russia-belarus>

In the event that the Assistant Secretary determines that a request for renewal of a TDO does not satisfy this new standard for an extended renewal as described above under section A, it may nonetheless be extended for a period not exceeding 180 days, provided that BIS has demonstrated that such renewal is necessary in the public interest to prevent an imminent violation.

Export Control Reform Act of 2018

On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which included the Export Control Reform Act of 2018

(ECRA) (50 U.S.C. 4801-4852). ECRA provides the legal basis for BIS's principal authorities and serves as the authority under which BIS issues this rule.

Rulemaking Requirements

1. This rule has been determined to be not significant for purposes of Executive Order 12866.
2. Notwithstanding any other provision of law, no person is required to respond to or be subject to a penalty for failure to comply with a collection of information, subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. This regulation involves an information collection approved by OMB under control number 0694-0088, Simplified Network Application Processing System. BIS does not anticipate a change to the burden hours associated with this collection as a result of this rule. Information regarding the collection, including all supporting materials, can be accessed at <https://www.reginfo.gov/public/do/PRAMain>.
3. This rule does not contain policies with federalism implications as that term is defined in Executive Order 13132.
4. Pursuant to section 1762 of the Export Control Reform Act of 2018, this action is exempt from the Administrative Procedure Act (5 U.S.C. 553) requirements for notice of proposed rulemaking, opportunity for public participation, and delay in effective date.
5. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule by 5 U.S.C. 553, or by any other law, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, are not applicable. Accordingly, no regulatory flexibility analysis is required, and none has been prepared.

List of Subjects in 15 CFR Part 766

Administrative practice and procedure, Confidential business information, Exports, Law enforcement, Penalties

Accordingly, part 766 of the Export Administration Regulations (15 CFR parts 730 through 774) is amended as follows:

PART 766 – ADMINISTRATIVE ENFORCEMENT PROCEEDINGS

1. The authority citation for 15 CFR part 766 continues to read as follows:

Authority: 50 U.S.C. 4801-4852; 50 U.S.C. 4601 *et seq.*; 50 U.S.C. 1701 *et seq.*; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783.

2. Section 766.24 is amended by revising the third sentence of paragraph (a), paragraphs (b)(1), (d)(1), and the last sentence of paragraph (e)(5), to read as follows:

§ 766.24 Temporary denials.

(a) * * * Without limiting any other action BIS may take under the EAR with respect to any application, order, license or authorization issued under ECRA, BIS may ask the Assistant Secretary to issue a temporary denial order on an *ex parte* basis to prevent an imminent violation, as defined in this section, of the ECRA, the EAR, or any order, license or authorization issued thereunder. * * *

(b) * * * (1) The Assistant Secretary may issue an order temporarily denying to a person any or all of the export privileges described in part 764 of the EAR upon a showing by BIS that the order is necessary in the public interest to prevent an imminent violation of ECRA, the EAR, or any order, license or authorization issued thereunder.

* * * * *

(d) * * * (1) If, no later than 20 days before the expiration date of a temporary denial order, BIS believes that renewal of the denial order is necessary in the public interest to prevent an imminent violation, BIS may file a written request setting forth the basis for its belief, including any additional or changed circumstances, asking that the Assistant Secretary renew the temporary denial order, with modifications, if any are appropriate, for an additional period not

exceeding 180 days. In cases demonstrating a pattern of repeated, ongoing and/or continuous apparent violations, BIS may request the renewal of a temporary denial order for an additional period not exceeding one year. BIS's request shall be delivered to the respondent, or any agent designated for this purpose, in accordance with § 766.5(b) of this part unless exceptional circumstances exist, which will constitute notice of the renewal application.

* * * * *

(e) * * *

(5) * * * The issuance or renewal of the temporary denial order shall be affirmed only if there is reason to believe that the temporary denial order is required in the public interest to prevent an imminent violation of ECRA, the EAR, or any order, license or other authorization issued under ECRA.

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Thea D. Rozman Kendler,

Assistant Secretary for Export Administration.

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